

RISK MANAGEMENT POLICY

RISK BASED APPROACH:

Classification of both the new and existing clients into high, medium or low risk category depending on parameters such as the customer's background, type of business relationship, transactions etc. Accordingly classification has been made in the Party Master of Hyper soft (Back Office).

Carrying out enhanced customer due diligence process of the clients who are categorized under high risk category.

Further the communications are downloaded from SEBI and other Regulatory Authorities regarding the list of debarred clients and the PAN Nos of such debarred clients are being imported to the Back Office Software. In case of registration of such debarred clients, system is generating an alert.

MARGINS:

The Company will provide margin limit in CM and F&O segments based on availability of initial and exposure margin upfront into the client account in the form Ledger, cash collateral and non-cash collateral on 50:50 basis client wise.

CLIENT-WISE DIFFERENTIAL LIMITS:

The Company may at its discretion allow differential limits up to 15% in Currency derivative segment varying from client to client, depending upon credit worthiness and past conduct of each client or any other criteria which company may find suitable.

A top margin upto 15% would be levied on exchange specified margin to reduce the risk of peak margin shortfall due to EOD / intraday increase in margins by Exchange.

Accordingly, daily margin statements are issued to clients with the addition of up to 15% (Over & Above the Actual Margin obligation).

PENNY/ILLIQUID STOCKS:

Penny/ illiquid Stocks are traded at relatively low price and market capitalization. The Company shall have absolute discretion to accept, refuse or partially accept any buy or sell order for execution from a client in respect of penny stocks, illiquid stocks, stocks having low liquidity, illiquid "options", far month "options", writing of "options", and any other contracts which as per the perception of the Company are extremely volatile or subject to Market manipulation.

THE RIGHT TO SELL CLIENTS SECURITIES OR CLOSE CLIENTS POSITIONS, WITHOUT GIVING NOTICE TO THE CLIENT, ON ACCOUNT OF NON-PAYMENT OF

CLIENTS DUES (THIS SHALL BE LIMITED TO THE EXTENT OF SETTLEMENT / MARGIN OBLIGATION):

The Company shall have the right to sell client's securities, both unpaid securities as well as collaterals pledged towards margins, or close out client's open positions, without giving notice to the client where there is a delay/failure of the client to the pay-in obligations and/or there is a failure of the client to bring additional margins to cover the increase in risk in the dynamic market conditions.

THE MARGIN SHORTFALL IN CM AND F&O SEGMENTS:

Positions of the client may be closed out to the extent of margin shortfall on the T+1 basis/Real time monitoring basis. While computing margin shortfall, value of unapproved securities shall not be considered. As per the Exchange requirements, the Company is required to maintain a prescribed ratio (50:50) between cash and collaterals margin deposited with the Exchange.

SECURITIES BOUGHT UNDER MARGIN TRADING FACILITY:

Positions of the client may be closed out to the extent of margin shortfall on T+1 basis/Real time monitoring basis. While computing margin shortfall, value of unapproved securities shall not be considered. In case of unpaid obligation, the Company may sell the unpaid/ partially paid securities. In addition the Company may sell the collaterals deposited by the client towards margins and/or paid securities purchased by the client in earlier settlements where the sale proceeds of unpaid securities are inadequate to cover the pay-in obligations and/where the unpaid securities appear to be comparatively illiquid and cannot be sold at reasonable rates to the extent required.

INTRA-DAY POSITIONS:

The Company shall have discretionary right to close out any intra-day positions taken by the client after a defined 'Cut-off' time.

RISK BASED SQUARE OFF:

All positions under all Products will be subject to 75% MTM Loss i.e. positions will be liquidated if loss reaches to a pre decided level of client margin loss. The OPEN positions (i.e. the carry forward overnight positions) and the intraday leverage position (across segments) will be squared off at 75% MTM Loss.

STOCK DERIVATIVE CONTRACTS SETTLED THROUGH PHYSICAL DELIVERY:

Client's positions in Stock Option and Stock Future contracts which will expire in next 5 trading days may be squared off if client do not have sufficient Margin available.

PROCEDURE FOR ACTIVATION OF IN-OPERATIVE ACCOUNTS

Any client is not doing single transaction into trading account with us for a period of 12 months. To activate these dormant / inoperative accounts, clients require filling up re-activation form and providing the other related documents (including IPV) and details as per company policy.

PAY-IN OF FUND & STOCK:

Third party pay-in of securities & funds will not be accepted. Same way pay out of shares and fund will be directly done to client account only. No securities belonging to one client be used/transferred for Own purpose or for other client.

COLLECTIONS:

Collection from clients must be done by T / T+1 day by electronic mode.

SUSPICIOUS TRANSACTIONS:

As regards to suspicious transactions, even though the system is not generating automated alerts, we have a compensating system of manual controls, whereby we are able to monitor the suspicious transactions by comparing with the list of illiquid scrip's and banned entities list.